



Seeking Assistance

Who Gets Financial Aid at California Community Colleges

By Jennie H. Woo

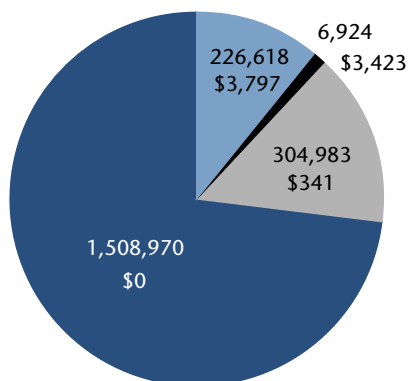
This is the fourth in a series of MPR Research Briefs published on the outcomes and experiences of California community college students. The research, funded by the William and Flora Hewlett Foundation, focuses primarily on transfer students, but we are also investigating the financial aid support that community college students receive.

California community colleges (CCC) enroll nearly one-quarter of the nation's community college students. Low fees and open-admission policies in this sector provide critical access to many students who otherwise might not attend college. This is particularly true of low-income students, at least one-quarter of all CCC students. Even though CCCs have the lowest average fees of any state two-year public system and a generous financial aid program to waive fees for low-income students, money is still a barrier to college access. Students must still find ways to pay for books and supplies, food, housing, and transportation costs. The federal Pell grant was designed to help very low-income students pay college expenses, but fewer than 230,000 degree-seeking students at CCCs receive them (about 10 percent). In 2006–07 students received an average Pell award of just under \$2,300. In this study, we examine data on low-income community college students in California to determine who among them received Pell grants and why so many poor students apparently do not benefit from this program.

California community colleges enrolled about 2 million students in 2006–07 who took courses for credit towards a degree. About half a million were low-income and received \$1.2 billion dollars in financial aid from various sources to help pay for college. Nearly all received Board of Governors (BOG) fee waivers to cover enrollment fees (California community colleges have no tuition; all charges are termed “fees”). Nearly 234,000 students, or just under half of those receiving fee waivers, also got other financial aid to help cover college expenses (see figure 1).



Figure 1. California community college students, by receipt of financial aid, 2006–07



Number of students and average amount of total aid per student

- Pell grant recipients with fee waivers
- Fee waivers and other aid but no Pell grant
- Fee waivers but no other aid
- No financial aid

SOURCE: Analysis file (all aided students) based on COMIS 2006–07 data files.

In 2008, MPR published a research brief on the receipt of financial aid by California community college students, *Financial Aid at California Community Colleges: Pell Grants and Fee Waivers in 2003–04*, which found that many students who appeared to qualify for a Pell grant, based on their income and enrollment status, did not apply for federal aid, receiving only the state fee waiver. Further, many more students who received a fee waiver did apply for federal aid but did not receive Pell grants. Fee waivers and Pell grants comprise most of the financial aid available at community colleges. We subsequently received new data files from the California Community College

Chancellor's Office Management Information System (COMIS) containing information on students enrolled in California community colleges in 2006–07. For this brief, we created an analysis file of edited data that included a total of about 2 million students who took courses for credit in 2006–07. From this, we created a file of about 540,000 students who received financial aid. We examined the demographic profile of these low-income students in more detail and used multivariate models to determine who among them received Pell grants. Our findings follow.

Summary of Major Findings

- The application rate for federal financial aid among the 2 million students in this study rose slightly between 2003–04 and 2006–07, from 19.6 percent to 22.2 percent.
- The most common form of financial aid was a BOG fee waiver, given to 540,000 students and 99.7 percent of aid recipients (26 percent of those enrolled in 2006–07).
- About 11 percent of students received a Pell grant. Virtually all Pell grant recipients also got fee waivers, and they received 90 percent of other financial aid, such as Cal Grants, Supplemental Educational Opportunity Grants (SEOG), other grants, work-study, and loans.
- Students who got Pell grants, as opposed to fee waivers only, were more likely to attend full time. Half of those receiving both Pell grants and fee waivers, versus only 20 percent of fee-waiver-only recipients, attended full time. Overall, most CCC students did not attend full time; the average enrollment was four classes per year.
- Pell grant recipients were more likely to:
 - (1) attend full time, (2) have very low income, (3) complete their courses, (4) take remedial

courses, (5) have dependent children, (6) be under age 24 or over age 30, and (7) be female.

- About 305,000 students received only a fee waiver. Of those, 110,000 students applied for federal aid, but did not receive it. The most common reasons they did not qualify for federal aid were: (1) they were part time, (2) their income or Expected Family Contribution (EFC) was too high, or (3) they did not meet citizenship, academic, or other requirements for aid.

Different Financial Aid Application Processes

Our previous study found that community college students had two major sources of financial aid. The first was Board of Governors (BOG) fee waivers, received by the most numerous group. The second was a Pell grant, the major need-based grant provided by the federal government, also received by a subset of the first group. The group receiving both BOG waivers and Pell grants also tended to get most of the other aid available, from all other sources.

There are two different application procedures for Pell grants and BOG fee waivers. Pell grants require students to file a Free Application for Federal Student Aid (FAFSA) form, which, although complicated, determines eligibility for other federal and state aid programs as well. The FAFSA can also qualify students for a BOG fee waiver, which is supported by state funds. Students can, however, choose a simpler, single-page application form for the BOG fee waiver alone. The maximum BOG fee waiver covers just enrollment fees (\$690 in 2006–07 for a full course load), and the average amount students received was \$341. The statutory maximum Pell grant award at a California community college was \$3,938. Virtually all Pell grant recipients also got

BOG fee waivers. In 2006–07, there were 540,000 BOG fee waiver recipients (26 percent of those enrolled). About 80 percent of BOG fee waiver recipients (431,000) qualified because they filed a FAFSA and were found to have financial need according to the federal formula. Roughly 20 percent (111,000) received a fee waiver through the single-page application because their income was below the 2006–07 federal poverty guidelines (\$29,000 for a family of four) or they received public assistance.

Proportion of Aid Applicants and Recipients Shows Little Change

In 2006–07, the overall application rate for federal aid increased only slightly, to 22.2 percent from 19.6 percent in 2003–04. For 2006–07, this amounted to about 455,000 students out of 2 million who applied for aid. About 540,000 (26 percent) received a BOG fee waiver, about the same percentage as in 2003–04. In 2006–07, 227,000 enrolled students (about 11 percent) received a Pell grant, just about the same number and percentage as in 2003–04. Again, about half of FAFSA filers and 45 percent of students who received any aid got both a Pell Grant and a BOG fee waiver.

Full-Time Students with Very Low Income Receive Pell Grants

Since both types of aid application contained some demographic data, we were able to compare income and other characteristics of those receiving only BOG fee waivers with those receiving both BOG fee waivers and Pell grants. Pell grants were awarded only to students with very low incomes. Dependent students receiving Pell grants had an average annual parental income of \$19,000, while those receiving only a fee waiver had an average annual parental income of \$27,000 (see table 1). Of those receiving only a fee waiver, those who applied for federal financial aid by filing a FAFSA



Table 1. Profile of low-income students by financial aid status, 2006–07

Students who received Pell grants or BOG fee waivers		
Number	Status Label	Status Description
2,047,495		Total enrolled students
226,618	Pell	Pell recipients with fee waivers
304,983	BOG	Fee waiver but no other aid

	Pell	BOG
Average total aid	\$3,797	\$341
Average parent's income for dependent students	\$19,447	\$27,454
Average student's income for independent students	\$11,844	\$13,117
Average student budget	\$11,856	\$11,236
Average Expected Family Contribution (EFC)	\$544	\$2,676
Average grade point average	2.91	2.90
Average units attempted	22.57	14.38
Average course completion rate	68.1%	55.4%
Percent who took remedial courses	39.1%	21.4%
Percent full time	50.0%	20.5%
Percent financially dependent	45.8%	39.8%
Percent U.S. citizens*	81.4%	84.5%
Percent under age 20	29.2%	22.2%
Percent over age 29	25.4%	23.3%
Percent Asian	17.5%	14.6%
Percent Black	15.1%	13.9%
Percent Hispanic	36.7%	42.7%
Percent White	27.1%	25.3%
Percent female	64.1%	58.3%

*Students who are not U.S. citizens may receive federal Pell grants and BOG fee waivers if they are eligible non-citizens, which includes holding permanent resident status, refugee status, and certain other types of immigration status.

SOURCE: Analysis file (all aided students) based on COMIS 2006–07 data files.

had an average parental income of \$32,000, and those who did not apply for federal aid had an average parental income of \$16,000 (based on analysis of COMIS 2006–07 files).

Students who received both Pell grants and fee waivers differed in other ways from those receiving only fee waivers. They differed in the average amount they were expected to contribute towards college expenses through the Expected Family Contribution (EFC) formula. They also differed in whether they were full time, whether they took remedial courses, and whether they were financially dependent on their parents. Finally, they differed by race/ethnicity, gender, and age.

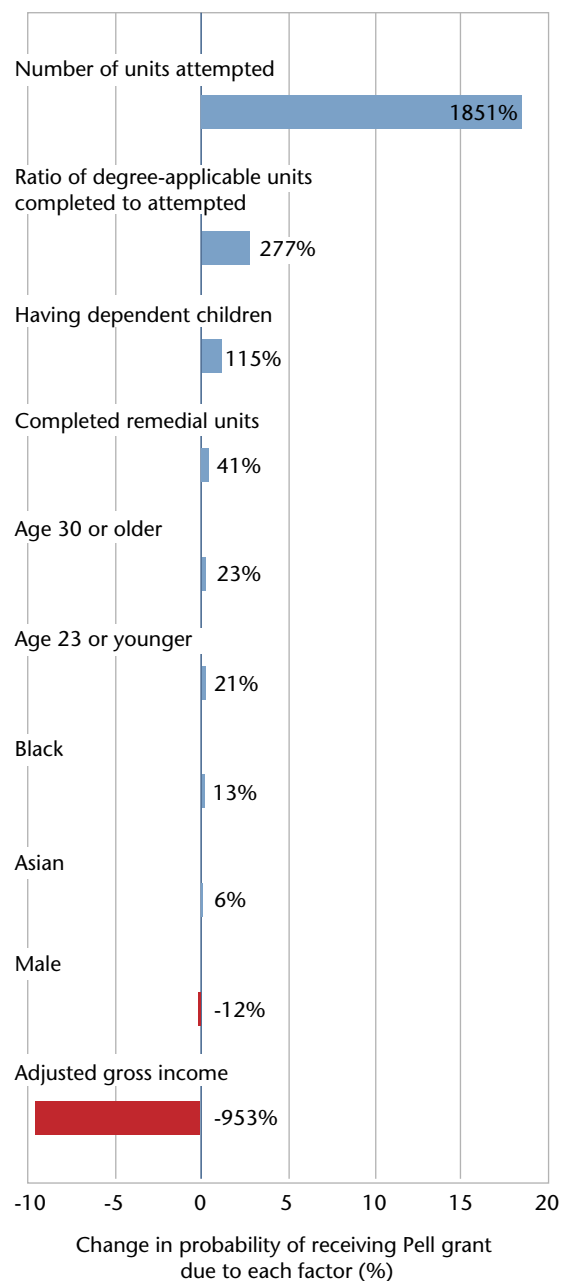
To examine these differences in greater depth, we created a model to compare factors among low-income students to see which were most strongly associated with receiving a Pell grant. We used a multinomial logit model to estimate the strength of the different factors in predicting who would receive a Pell grant. This would allow an estimation of the effects of each factor, controlling for the effects of the other factors. The results are displayed in both figure 2 and table 2.

The most significant factor was the number of course units attempted, a way of measuring students' enrollment status. Thus, when controlling for other factors, being a full-time student was the most important predictor of obtaining a Pell grant. Those with the greatest course loads had the highest fees, and the award amount is based, in part, on students' enrollment status. Those having the same income but taking more classes were more likely to receive a Pell grant.

The second most important factor was income; only students with very low incomes received Pell grants. Had this model included all students, instead of just low-income students, income



Figure 2. Factors affecting probability of low-income students receiving a Pell grant, by strength of effect, 2006–07



SOURCE: Analysis file (all aided students) based on COMIS 2006–07 data files.



Table 2. Factors affecting probability of low-income students receiving a Pell grant, 2006–07

Variable	Variable type	Logistic Regression				
		Mean	Parameter estimate	Standard error	Probability > Chi-Square	Change in probability/original probability
Intercept			-1.939	0.023	<.0001	
Increases Probability of Getting a Pell Grant						
Number of units attempted	continuous	17.720	0.074	0.000	<.0001	1851.2%
Ratio of degree-applicable units completed to attempted	continuous	0.564	0.350	0.016	<.0001	277.0%
Having dependent children	binary	0.173	1.285	0.012	<.0001	114.6%
Completed remedial units	binary	0.282	0.497	0.009	<.0001	40.7%
Age 30 or older	binary	0.232	0.290	0.013	<.0001	22.8%
Age 23 or younger	binary	0.578	0.272	0.011	<.0001	21.4%
Black	binary	0.132	0.169	0.014	<.0001	13.0%
Asian	binary	0.148	0.079	0.012	<.0001	5.9%
Decreases Probability of Getting a Pell Grant						
Male	binary	0.392	-0.174	0.008	<.0001	-12.3%
Adjusted gross income	continuous	\$18,691	-0.000	0.000	<.0001	-953.2%
No Significant Effect						
Hispanic	binary	0.371	-0.010	0.010	0.3061	-0.7%
Native American	binary	0.033	0.062	0.023	0.0058	4.7%
GPA for transferable classes	continuous	2.914	-0.017	0.005	0.0012	-26.1%

Dependent Variable: Getting a Pell grant

Mean = 0.380

Chi-Square for Likelihood Ratio = 72,410 DF = 13 Pr > ChiSq = <.0001

Sample = All aided students

Number of Observations Used = 332,656

Original probability = 0.262

R-Square = 0.196

NOTE: To better describe the relative effects of the different factors, a new probability is calculated for each variable, in which the binary variable is changed to equal one or the continuous variable is increased by one standard deviation. The change in probability over original probability is defined as the percent difference between the new probability for each variable and the original probability for the model.

SOURCE: Analysis file (all aided students) based on COMIS 2006–07 data files.

would have been the most important factor. But among low-income students, full-time enrollment mattered most in getting more financial aid. Those with dependent children were more likely to get Pell grants than those without dependents, since the eligibility formula takes into account supporting financial dependents. Students with a higher ratio of completed courses to attempted courses, which is a measure of academic success, were also more likely to receive Pell grants.

Curiously, students taking remedial courses were more likely to receive Pell grants even though federal financial aid rules limit the number of remedial courses below the college level that are eligible for aid. Taking some remedial courses within a college-level program is acceptable. Students with Pell grants completed an average of 2.7 remedial courses, while other low-income students completed only 1.2 courses (based on an analysis of COMIS 2006–07 files). Other research on community college remedial course taking has shown that it is an indicator of academic persistence (Dougherty and Kienzl 2006).

Academic persistence, defined as attending full-time, taking remedial courses, and having a high completion rate for all courses, appears to be associated with getting a Pell grant. Having a high grade point average (GPA) does not appear to be related, however. Students under age 24 or age 30 or over were more likely to get Pell grants than those in between. Finally, Asians and Blacks had a higher probability of receiving Pell grants than did White students, though there was no significant difference for Hispanic or Native American students. This means that for students at the same income level, controlling for all other factors (such as enrollment or GPA), Asians and Blacks were more likely than Whites to receive Pell grants.

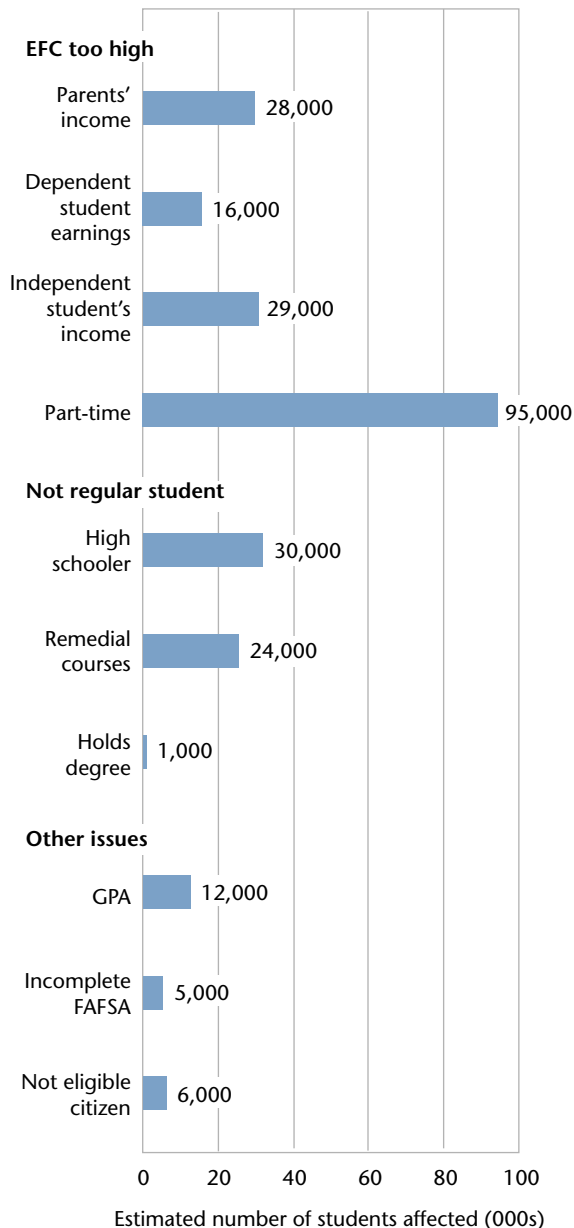
Students Who Apply For—But Do Not Receive—Pell Grants

At least 228,000 students applied for federal aid but did not get Pell grants. We examined students for whom we had data to determine why they did not receive one (see figure 3). About 88 percent of these students did get a fee waiver. The most common reason for not getting a Pell grant appeared to be that the student attended part time, and allowable expenses in the federal aid formula were so low that their financial need was not considered sufficient. The annual budget (allowable expenses) for most less-than-half-time students (60 percent of all students) was around \$2,000 (based on an analysis of COMIS 2006–07 files).

The main reason that full-time applicants did not receive Pell grants appeared to be that they were not poor enough. The largest group of unsuccessful Pell applicants was probably those with an EFC above the cutoff, about \$3,850 for a full-time student. The equivalent cut-off for a fee waiver was an EFC of about \$10,000. The EFC of Pell recipients averaged \$544; for fee waivers only, the average was \$2,676. The highest parental income found in the database for Pell recipients was \$42,000; for fee waivers, it was more than \$70,000.



Figure 3. Reasons for not receiving a Pell grant, for those applying in 2006–07



SOURCE: Analysis file (all students) based on COMIS 2006–07 data files.

The Penalty for Working

The EFC formula treats dependent students' earnings harshly. Federal aid applicants are expected to use half of any after-tax earnings exceeding \$2,500 for education expenses. This may be difficult for low-income students who contribute to their parents' household expenses. Dependent students' earnings are not counted in several of the methods used to qualify for BOG fee waivers. Average dependent student earnings in the COMIS files for those receiving some aid, but generally not a Pell grant, were \$11,000.

Since the maximum Pell grant award amount was \$3,938 and the cost of attending full time was roughly \$10,000, students face a trade-off between work and study. If students work, they can earn money to cover the gap between aid and costs, but then they qualify for less aid and have less time to devote to their studies. In the National Postsecondary Student Aid Study (NPSAS:08) of 2007–08 (from the National Center for Education Statistics), 79 percent of dependent students reported earning an average of about \$8,200 while enrolled in California community colleges. Students who received Pell grants often got other aid as well. Although the maximum Cal Grant was \$1,551, and the SEOG was \$4,000, few students received that much. The average total aid for Pell recipients was \$3,797, much less than the average earned from employment.

Many Applicants Did Not Receive Pell Grants Because of Status Issues

Other reasons that students did not receive Pell grants were related to various aspects of their status, including their education level and immigration status. Pell grants are not given to high school students, nor to students taking solely

remedial courses, as noted above. Students already holding a bachelor's degree may not receive Pell grants. Finally, various categories of immigration status might preclude eligibility for federal aid. While U.S. citizens are clearly eligible and illegal immigrants are clearly not, eligibility is much less clear for those who fall into other categories. Permanent residents, students with refugee status, and those granted asylum are eligible. Students with any temporary status or non-immigrant visas are not eligible. The status of many students is disputed, because proof of status is difficult to obtain or because their status has changed. All of this results in large numbers of students with an ambiguous immigration status in California, where the number of immigrants attending community college is significant.

Retaining a Pell grant requires that students make satisfactory academic progress. It was very difficult to estimate how many students were affected by this rule, since the numbers of rejected Pell grant renewals are not available. However, longitudinal files indicated that 5.3 percent of students who had applied and not received a Pell grant had a GPA lower than 2.0 in a previous semester or had failed a course. For students who began community college in 2000–01, 32 percent who had Pell grants in their first semester never received another, although they remained enrolled (based on analysis of COMIS 2000–01 files).

We could not explore other reasons for not qualifying for Pell grants due to lack of data. These include issues related to incorrect Social Security numbers, previous loan defaults, drug-related convictions, failing to register for Selective Service for males, missing deadlines, or just refusing government aid.

Conclusion

There has been little change in the rates of application and receipt of federal aid for California community college students in the three years between 2003–04 and 2006–07. While enrollment fees rose in this period, from \$540 to \$690 for full-time enrollment, there was no change in the maximum Pell Grant amount or in the formula for qualifying. In 2007–08, the Pell grant maximum award for CCC students rose to \$4,310, the result of the first increase in many years as well as dropping a tuition-sensitivity requirement in federal legislation, while full-time fees dropped to \$600. With enrollment growth, however, the number of low-income students who apply for federal aid and do not receive any grant undoubtedly has grown.

It is clear that under the current requirements for applying and receiving federal aid, especially Pell grants, few students qualify for aid and most receive very little. Many part-time students are penalized by the bias in the formula against part-time attendance, even though the bulk of their expenses are living costs that do not vary by course load. Many more are penalized because they work, and their earnings reduce their eligibility for aid, the amounts of which are too small to live on without other sources of income. Those most likely to receive Pell grants have the highest expenses, the lowest incomes, and the largest course load. This still leaves out many low-income students who need financial aid and many young people who cannot afford to attend college at all.

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